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UNCLAS HARARE 002819

SIPDIS

SENSITIVE

STATE FOR AF/S
NSC FOR SENIOR AFRICA DIRECTOR J FRAZER
USDOC FOR 2037 DIEMOND
PASS USTR ROSA WHITAKER
TREASURY FOR ED BARBER AND C WILKINSON
DEPARTMENT PASS USAID FOR MARJORIE COPSON

[1](#)E. O. 12958: N/A

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SUBJECT: Business Leader Believes Zimbabwe Must Change Course

Sensitive but unclassified. Handle accordingly.

[1](#)1. (SBU) Summary: Jewel Bank CEO Gideon Gono told us he believes Zimbabwe's macroeconomic imbalances are unsustainable over the next 6 months. Gono's frank appraisal hints that a dose of reality may be seeping through to the country's upper echelon. End Summary.

[1](#)2. (SBU) The Ambassador and Econchief met on December 2 with Gono, head of a major indigenous bank and confidant of President Mugabe. Gono argued that contradictions in Zimbabwe's macroeconomic policy could lead to meltdown in the next 6 months. He showed us a document he had submitted to Mugabe and other political higher-ups at the beginning of 2002, advocating more capital expenditure, devaluation of the official exchange rate and rapprochement with international lenders. He also gave us a paper he presented to the Reserve Bank last month, calling for the granting of title deeds to farmers resettled on white commercial farms.

[1](#)3. (SBU) Comment: An acknowledgement from someone who has Mugabe's ear that GOZ economic and land policies are failing is welcome, even though Gono probably couches these criticisms in more delicate terms to the President. We hope it is an early sign that political higher-ups are willing to entertain the notion, at least in private, that policies of price controls, overvalued currency, chaotic land redistribution and overbearing taxation are destroying the economy. End Comment.

Sullivan